SERVING THE TOTAL FOODSERVICE INDUSTRY

JULY 24, 1991

®RESTAURANTS & INSTITUTIONS

A CAHNERS PUBLICATION

PART II: MENU CONCEPTS

PRODUCT OF THE YEAR: ITALIAN! IT'S EVERYWHERE.

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JULY 24, 1991

CONTENTS

VOL. 101 NO. 19

VIEWPOINT

Building a Menu Matrix 7

400: PART II

OVERVIEW: Chow Bella! Italian Cuisine Is Concept of the Year 12
RANKINGS: Top 400 by Segment 21
BURGERS: Giants Lure Customers with Low Prices, Broad Menus 36
PIZZA: Chains Beef Up Menus, Fine-Tune Delivery Systems 46
FAMILY DINING: Chains Bet on 'Light,' Bank on Home-Style 54
CHICKEN: Healthful Alternatives Spice Up Chain Competition 63
SWEETS: More 'Skinny' Lines Shake Up the Diet Dichotomy 71
STEAKHOUSE/BARBECUE: Dinner Bars Become Popular as Segment Diversifies 81
DINNER HOUSES: Chains Promote Diverse Menus, Family Dining 99
MEXICAN: Poco Prices, Mucho Menu Choices Drive Traffic Jump 111
SANDWICHES: Classic Creations Are Best Sellers 123
SEAFOOD: Chains Hook Repeat Business with Value, Variety 129
RETAIL: Light Menus Help Weather Outside Competition 136
CAFETERIAS: Chains Buck Tradition, Branch into Casual Dining 138
LODGING: Hotels Put Spotlight on Local Cuisines 146
CONTRACTORS: New Concepts Prove Personal Service Sells 152
MILITARY: Middle East Conflict Fuels Surge in Food Purchases 156
TRANSPORTATION: Meals Shift Toward Upscale and Trendy 158
HEALTH CARE: Menu Changes Balance Low Costs and High Nutrition 161
EDUCATION: Focus on Menu Items That Build the Student Body 165
RECREATION: Outlets Feature Ethnic Food and Lighter Fare 171

PRODUCT CATALOG

Product News, Free Literature 173

CLASSIFIED ADS

Buying, Selling, Changing Jobs 184

ACTION EXPRESS

Advertisers Index 192
Product Retrieval 192

READER SERVICE CARD

Send for Free Information 193

Corporate culture—frozen yogurt, star of last year's 400 Part II, continues plowing its way onto menus in every segment.

ABOUT THE COVER

Chow Bella!—Italian food is *R&I*'s 400 Concept of the Year. Antipasto salad, pasta primavera and spaghetti have found a home on menus everywhere.

12 ITALIAN FOOD TOP 400 MENU CONCEPT

When the Golden Arches take note of Italian food's new Golden Age, you can be sure other foodservice companies will follow suit. In fact, from fast food to family dining to contract management, pasta and pizza's popularity, value and variety have commanded respect—and menu space. In *R&I*'s 400: Part II Overview, we examine the success of The Olive Garden, Sbarro and other Italian operations and show how non-Italian concepts are translating their popularity into a new Appian Way for their own sales growth.

36 BURGER GIANTS BATTLE FOR BUCKS

A soft economy and declining traffic counts are spurring the nation's biggest burger chains to new heights of value pricing, menu variety and nutritional awareness. New product introductions and joint ventures with other branded chains are changing the image and style of the burger business.

129 SEAFOOD CHAINS HOIST THEIR SALES

The leading seafood chains have adjusted their menus to meet customer demands for healthfully prepared entrees. Now they're building loyalty by offering more variety and value to the menu. Extras have paid off, too. Red Lobster, for example, hails Caesar salad as the noblest romaine of them all. It's on the house.

152 CONTRACTORS FLEX THEIR MUSCLES AND THEIR SERVICES

Contract management clients want their menus their way—made to order, wrapped to go or delivered. And they're getting what they want. Contractors are providing personalized, convenient service that includes imaginative merchandising programs, exhibition cooking, and customized food programs and promotions.

CHOW BELLA!

Italian food hits its Golden Age, appearing on commercial and institutional menus *everywhere.*

Spaghetti and meatballs, lasagna and fettuccine Alfredo hardly are new foodstuffs. But the attention these Italian dishes and their cousins are getting these days translates into the year's hottest food story. Italian food, whether it's regional, upscale, midscale or quick service, no longer is a fad. It's a permanent part of the American menu.

Part of the credit for Italian food's popularity belongs to the chains whose menus highlight the cuisine. The Olive Garden, launched in 1982 after years of fine-tuning, has proved the most successful chain startup in recent memory. The Orlando, Fla.-based chain posted systemwide sales of $644.4 million in 1990, a 36% jump over 1989, and now boasts 270 units, a 29.8% increase over the year prior, according to *R&I* estimates. The other Italian chains in this year's listing are enjoying similar success. Commack, N.Y.-based Sbarro's sales are 27% higher than last year's, and LaRosa's, the Cincinnati-based Italian chain, finished 1990 with sales up 30%.

And now, it seems, Italian is everywhere:

□ One-fifth of this year's newcomers to the 400 specialize in Italian food: The Pasta House, Spaghetti Warehouse, Lamp Post Pizza, Mountain Mike's Pizza, and Hungry Howie's Pizza & Subs count as bona fide Italian chains. New 400 arrival Schwartz Brothers Restaurants is a diversified dinnerhouse group that operates, among its other concepts, three Cucina! Cucina! units in the Seattle area.

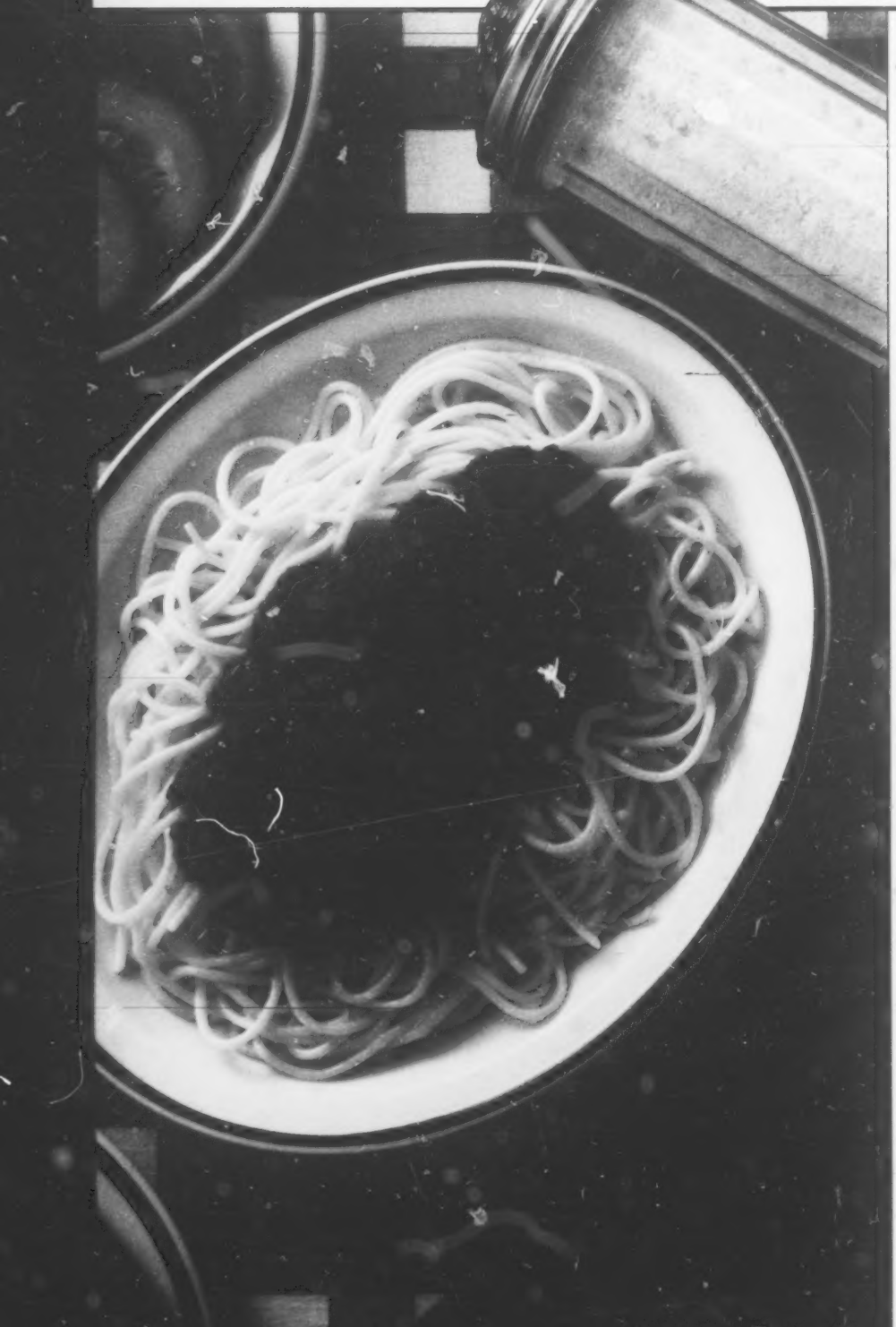
□ Contractors such as ARA, Marriott and Morrison's are adding pasta bars and entire pasta concepts to augment already successful pizza programs.

□ McDonald's, Wendy's and Burger King are experimenting with pizza. A Chicago McDonald's franchisee has rolled out an entire Italian menu.

□ Brown's Chicken, whose extensive catering menu has always offered pasta, moved four of those dishes to its restaurant menu. KFC is testing pasta in its Nevada outlets.

WHY ITALIAN?

The Olive Garden's success showed the rest of the industry that Italian dishes look good on paper as well as on plates. Most of these dishes are ones Americans have enjoyed at home for ages—lasagna, macaroni and baked ziti; veal and chicken Parmesan; pasta with



"We who are about to dine salute you!": Pietro's, formerly a pizza chain, now offers spaghetti dinners for two.

red and white sauce; and of course, spaghetti and meatballs.

For one, the food is relatively low-cost. More important, these low costs can be passed on to consumers, making Italian food a good value in an era where value reigns. The Italian chains in this year's 400—Sbarro, LaRosa's, The Pasta House as well as The Olive Garden—offer portions big enough for the next day's lunch, priced at around $10 or $12. And they are served with unlimited refills of bread and salad.

Second, Italian food can be tailored to either uptown or downtown tastes. The Pasta House's beef Marsala ($13.95), is a midscale version of veal Marsala, easily a $17 entree. Ravioli, a simple hot lunch for the nation's school children, is served as an appetizer ($3.50) at The Olive Garden.

QUICK CUCINA

The Italian items making the most news these days are those being tested by fast-food chains, mostly in an effort to build business during the underused dinner daypart. That's the strategy behind McDonald's experiments with both pizza and pasta. The top burger chain now sells 12-inch pizzas at dinner and also offers a 6-inch size during lunch in the 420 stores testing the product.

One year ago, the chain also began serving up pasta in a half-dozen units in Pennsylvania: spaghetti ($1.99 for a side order, $2.49 for an entree), fettuccine with meat or white clam sauce ($2.99), tortellini ($3.39), and lasagna ($3.69). And last winter, Angelo Lencioni, the "Rock 'n Roll McDonald's" franchisee in Chicago, began offering complete Italian dinners in the $5 to $6 range after 4 p.m. Customers can choose from a rotating menu of such Italian fare as chicken Parmesan, ravioli with marinara sauce, and tortellini with Alfredo cream sauce. Dinners, ordered at the counter, are delivered to the customers' table, which boasts a tablecloth and a lighted candle.

Other chains also have done well with pasta. Lombard, Ill.-based Brown's Chicken has found its Lotsa Pasta dinner line, offered since September 1989, successful enough to market it by changing its logo to read "Brown's Chicken & Pasta." Kentucky Fried Chicken is testing pasta in some of its Nevada stores. And both fast-food chain Wendy's and steakhouse chain Sizzler have long featured pasta with

continued on page 16

400: OVERVIEW

continued from page 13

Customers like the perceived value of Italian food: big portions, small prices and lots of leftovers.

a variety of sauces on their buffets.

The most recent Italian quick-service introduction has nothing to do with pasta. Wendy's now has a hand-held sandwich item resembling a small calzone in limited test in Pennsylvania. Called a Stromboli, the sandwich holds slices of pepperoni, cheese and tomato sauce in a garlic-flavored roll.

On the full-service side, The Olive Garden has added such dishes as linguine and clam sauce, cannelloni, and crab Alfredo in the last year. The Olive Garden's policy is to refresh its menu constantly with daily managers' specials and limited-time promotional "events" such as last spring's Carnival of Venice. Like crab Alfredo, which began as a limited-time promotion, items that prove popular might find their way onto the permanent menu.

Well known in its markets for pizza and calzone, the Sbarro chain nevertheless claims that about half its $249 million in sales in 1990 came from lasagna, cannelloni, spaghetti and meatballs, baked ziti and a program of daily pasta specials.

BUYOUTS AND START UPS

Many 400 companies that don't offer Italian food are buying companies that do. Dallas-based Western Sizzlin bought the 45-unit Valentino's chain last spring and plans to expand the concept beyond its Midwestern base. Although it offers an a la carte menu, Valentino's is best known among its customers for a pizza-and-pasta buffet. The purchase also marks the return of Western Sizzlin President Frank Carney to Italian cuisine—a segment he and his brother Dan left in 1977 when they sold PepsiCo a little start-up pizza chain called Pizza Hut.

Meanwhile, sweets chain Baskin-Robbins has purchased Gelato Classico, a 31-store Italian concept based in San Francisco. About half those units are Caffe Classico outlets, which offer counter service of a menu of Italian soups, salads, sandwiches, ice cream, pastries and premium coffees for an average check of less than $5.

Other 400 members are building a presence in the Italian market via start ups. Later this summer, Wichita, Kan.-based Pizza Hut, the nation's largest pizza company, will open the first test unit of a full-service Italian concept offering an expanded menu of pastas, meat and poultry entrees and upscale pizzas. Unnamed at press time, the pilot will be Pizza Hut's boldest attempt yet to enter the market now dominated by The Olive Garden.

Brinker International's primary concept is its Chili's Grill & Bar casual restaurants. But the company has high hopes for its new Romano's Macaroni Grill, an informal Italian dinner-house featuring display cooking and wood-fired ovens. This year, Brinker hopes to add two or three Texas and Florida outlets to the single Macaroni Grill in operation.

New Italian offerings from other 400 members include Milano's, a trattoria concept planned by Magic Pan International, San Mateo, Calif. Still in the development stage, Milano's will carry pizzas, pasta and rotisserie chicken at prices from $7 to $10. And Lettuce Entertain You Enterprises opened its third Tucci outlet last spring. This one, called Tucchetti, is located in Phoenix and makes the fifth in Chicago impresario Richard Melman's gallery of Italian concepts. The others—Tucci Benucch, Tucci Milan, Avanzare and Scoozi!—all are in Chicago.

—Brian Quinton

HERE'S WHAT'S COMING UP ON 400 MENUS

▶ **McDonald's** has rolled out breakfast burritos and chicken fajitas for a limited-time summer promotion. But its long-term focus remains on dinner—and all the pastas, sub sandwiches and pizzas currently in test.

▶ **Burger King** is driving home the once-classic message about customer service with its new ad tag line, "Your Way, Right Away. BK also is reformulating its popular BK Broiler chicken sandwich, reducing its calorie count from 379 to 300.

▶ **Kentucky Fried Chicken** is in the midst of its Lite 'n Crispy skinless-chicken rollout, and also is testing fried and nonfried sandwiches to build lunch business.

▶ **Taco Bell** has added five chicken dishes to its permanent value menu. The company now is rolling out systemwide its "Fiesta Menu" of snack-size tacos, tostadas and burritos for 39 cents, building a new bottom tier into its value-priced permanent menu.

▶ **Arby's** hopes to ride the nutrition wave with a "New Light Menu" now in test. It features sandwiches with fewer than 300 calories—many on multigrain buns with low-calorie mayonnaise.

▶ **Canteen** has unveiled its Smart Burger, a quarter-pound hamburger with less than 200 calories and about 4 grams of fat. B&I accounts will be the first to get the new item. But in time, the new burger will find its way into all Canteen accounts except corrections.

▶ **Bob Evans Farms** has debuted a new spicy sausage product, Hotz!, and will enter the casual Mexican segment in the next year with Cantina del Rio.

▶ **Popeyes Famous Fried Chicken** is testing new products despite its Chapter 11 filing. In development are onion rings, chicken tacos, fruit salad and skinless fried chicken.

▶ **Carvel** will accompany its new logo, look and market position as cake maker with four new varieties of ice cream cakes, including Cherries Jubilee.

▶ **Captain D's** has launched its "Captain's Grille" line, three low-priced broiled entrees. The rollout makes a total of five non-fried items available to Captain D's customers.

▶ **Restaura** will expand its "Wellness Connection" menu with the rollout of its branded chicken concept, La Strata Pizza and Healthful Harvest modules.

▶ **El Pollo Loco** is gearing up to roll out chicken tacos and burritos—the first truly Mexican items for the marinated-chicken chain born in Mexico.

▶ **Furr's/Bishop's** continues to test the waters outside the cafeteria segment with new concepts. El Paso BBQ offers ribs, chicken and steak in a full-service setting; a second unit, opening this fall, also will have a full bar.

400: RANKING

Organization	400 Rank	Sales $MM	Units
[illegible]			
1. McDonald's	1	18,758.9	11,803
2. Burger King	2	6,100.0	6,200
3. Hardee's	5	3,158.1*	3,622*
4. Wendy's International	6	3,070.3	3,727
5. Jack In The Box	28	943.0	1,035
6. Carl's Jr.	42	578.4	578
7. Sonic Industries	56	454.6	1,043
8. White Castle System	75	321.0	261
9. Whataburger	101	235.5*	374*
10. Krystal	120	199.0	236
11. Rally's Hamburgers	132	176.9	264
12. Fuddruckers	135	171.0	131
13. Druther's International	198	94.0	135
14. Arctic Circle	346	40.0	106
15. In-N-Out Burgers	361	38.1*	64
16. Checkers of North America	375	35.5	70
LODGING ($12,385.0MM)			
1. Sheraton	14	1,600.0	1,600
2. Marriott Lodging Division	20	1,363.4*	766*
3. Hilton Hotels	22	1,122.0	1,200
4. Hyatt Hotels	31	912.8*	380*
5. Holiday Inn Hotels	32	869.0*	2,700**
6. Choice Hotels	34	750.0	998
7. Days Inns of America	38	661.9*	1,112
8. Westin Hotels and Resorts	44	525.0	468
9. Inter-Continental Hotels	47	514.1	425
10. Radisson Hotels	65	380.0	415
11. Hyatt International	80	299.0**	185**
12. Ramada Hotels	81	295.1*	480*
13. Stouffer Hotels	105	227.5*	112*
14. Four Seasons Hotels & Resorts	107	224.0	92
15. Embassy Suites	116	200.0	105
16. Bally Casino Resorts	118	200.0**	33
17. Ritz-Carlton Hotels	122	195.4*	76
18. Red Lion	152	146.0	131
19. Doubletree Hotels	158	138.6*	100
20. Caesar's World	163	136.0	34
21. Harrah's Casino Hotels	165	134.8	32
22. Omni Hotels	174	119.2	89
23. Circus Circus Enterprises	178	112.3	37
24. Trusthouse Forte Hotels	182	106.9	124
25. Loews Hotels	190	100.7	80
26. Golden Nugget Casinos	202	92.2	18
27. Princess Hotels International	215	84.3*	34
28. Resorts International	236	72.0	23
29. Wyndham Hotels & Resorts	237	72.0	35
30. Prime Motor Inns	241	70.0**	75
31. Fairmont Hotels	247	66.3	23
32. The Boyd Group	253	64.6	28
33. Registry Hotels	257	61.4	15
34. Adam's Mark Hotels	270	57.0	33
35. Pointe Resorts	275	55.4*	11
36. Guest Quarters Suite Hotels	296	50.0	30
37. Showboat	299	49.3	12
38. Aztar	306	47.4	38
39. Doral Hotels & Resorts	317	45.0	16
40. Opryland Hotel	328	43.0	8
41. Amfac Resorts	341	40.7*	21*
42. Helmsley Hotels	342	40.7*	15**
43. Sonesta Hotels	349	40.0	30
CONTRACT MANAGEMENT ($12,168.4MM)			
1. ARA Services	7	2,700.0	2,600
2. Marriott Management Services	8	2,700.0	2,388
3. Canteen	19	1,370.0	1,632
4. Service America	24	1,100.0	1,650
5. Morrison's Custom Mgmt.	41	602.0	693
6. Ogden Services	52	465.0	75
7. Seiler/FDI	66	376.1*	477
8. Restaura	79	300.0§	300
9. ServiceMaster	91	264.0	305
10. Harry M. Stevens	110	210.0	29
11. Trusthouse Forte Food Services	117	200.0	575
12. daka Food Service	119	200.0**	474
13. The Wood Co.	121	198.3	290
14. Concession Air	134	174.0	38
15. Sportservice	136	169.0	170
16. Universal Services	142	160.0	500
17. Club Corp. of America	150	147.0	181
18. Professional Food-Service Mgmt.	196	95.2	129
19. Guest Services	201	93.0	128
20. Wometco Food Services	207	90.0**	960
21. TrettCo	210	88.7	122
22. Valley Innovative Mgmt. Svcs.	233	74.4	137
23. Sanese Services	251	65.0	52

continued on page 24

1990 sales and units. *R&I estimate. **company estimate. §commercial equivalent

400: RANKING

continued from page 21

Organization	400 Rank	Sales $MM	Units
24. Nutrition Mgmt. Services	268	58.0	100
25. Southern Foodservice Mgmt.	300	49.0	86
26. Guckenheimer	308	47.0	117
27. Lackmann Food Service	333	42.1**	48
28. Flik International	386	34.0**	66
29. CVI Service Group	393	32.5†	51
30. RA Restaurant Services	394	32.1	19
31. Blue Ribbon Services	396	32.0	68
PIZZA (7%/$12,045.1MM)			
1. Pizza Hut	4	4,900.0	8,040
2. Domino's Pizza	9	2,650.0	5,376
3. Little Caesars Pizza	18	1,400.0	3,173
4. The Olive Garden	39	644.6*	270*
5. Round Table Pizza	76	311.0	563
6. Sbarro	96	249.0	457
7. Godfather's Pizza	104	229.0**	525
8. ShowBiz Pizza Place/Chuck E. Cheese's	111	209.8	258
9. Shakey's	130	180.0	374
10. Pizza Inns	140	165.0	425
11. Papa Gino's of America	159	138.0	218
12. Mazzio's	161	137.0	265
13. Mr. Gatti's	167	130.3*	300
14. Pizzeria Uno Restaurants	173	120.2	85
15. Sir Pizza International	231	75.0**	107
16. Peter Piper	266	58.6*	116
17. Hungry Howie's Pizza & Subs	272	57.0	177
18. The Old Spaghetti Factory	292	51.0	36
19. LaRosa's	325	43.0	49
20. California Pizza Kitchen	352	40.0**	19
21. Spaghetti Warehouse	354	40.0**	17
22. Pietro's	366	37.5*	79
23. Mountain Mike's Pizza	368	37.0	70
24. Noble Roman's	369	37.0	76
25. Lamp Post Pizza	374	35.8	64
26. The Pasta House	378	35.0	26
27. Valentino's	383	34.3	43
FAMILY DINING (5.7%/$8,716.1MM)			
1. Denny's	15	1,528.9	1,358
2. Big Boy	25	1,000.0	950
3. Shoney's Restaurants	26	993.3	735
4. Friendly Ice Cream	45	520.0	799
5. Perkins Family Restaurants	51	471.2	393
6. Intl. House of Pancakes Restaurants	64	384.0	490
7. Bob Evans Farms	67	358.0*	241
8. Waffle House	84	287.8*	702
9. Marie Callender's	93	260.0	160
10. Bakers Square	95	250.0	165
11. Village Inn Restaurants	99	240.2	228
12. Marriott Family Restaurants	106	225.0*	215
13. Cracker Barrel Old Country Store	128	183.9	88
14. Country Kitchen	131	177.6	246
15. Frisch's Big Boy	133	176.0	173
16. PoFolks	139	165.0	137
17. Carrow's Restaurants	164	134.9	108
18. Lyon's Restaurants	171	120.5	75
19. Kettle Restaurants	179	108.4*	167
20. Steak 'N Shake	180	107.6	117
21. Dobbs Houses	187	102.1*	300
22. Huddle House	218	80.5*	198*
23. Eat'N Park Restaurants	221	80.0	52
24. Howard Johnson	222	80.0**	100
25. Swensen's Ice Cream	230	75.0	256
26. Au Bon Pain	240	70.2	86
27. Stuckey's	258	60.7	104
28. Shari's Family Restaurants	279	55.0	52
29. Soup Exchange	280	55.0	35
30. Olga's Kitchen	297	50.0	53
31. Skyline Chili	316	45.0	76
32. Vie de France Bakery & Cafe	321	44.0	42
33. Country Pride Restaurants	338	41.6*	40
34. Toddle Houses/Steak 'N' Egg	340	41.0**	148
35. King's Family Restaurants	364	38.0**	22
36. Happy Chef Restaurants	370	36.7	59
37. Elmer's Pancake & Steak House	377	35.0	28
38. Tippin's Restaurants	385	34.0	20
CHICKEN (5%/$8,819.3MM)			
1. Kentucky Fried Chicken	3	5,773.0	8,187
2. Popeyes Famous Fried Chicken	43	547.0	786
3. Church's Chicken	48	514.0	1,163
4. Chick-fil-A	82	293.7	441
5. El Pollo Loco	123	194.9	250
6. Grandy's	129	183.1	201
7. Lee's Country Chicken	154	145.0	281
8. Bojangles' Chicken & Biscuits	170	121.0	154
9. Brown's Chicken	195	96.0	148

1990 sales and units. *R&I estimate. **company estimate. †commercial equivalent

continued on page 26

400: RANKING

continued from page 24

Organization	400 Rank	Sales $MM	Units
10. Mrs. Winner's Chicken & Biscuits	224	79.0	116
11. Pioneer Chicken	348	40.0	150
12. Sisters Chicken & Biscuits	400	32.0	40
SWEETS ($5,945.8MM)			
1. Dairy Queen	11	2,316.3*	5,207
2. Dunkin' Donuts	30	913.0	1,747
3. Baskin-Robbins Ice Cream	37	671.1*	3,318
4. TCBY Enterprises	69	343.0	1,847
5. Carvel Ice Cream Bakery	126	190.0	656
6. Braum Ice Cream & Dairy Stores	141	163.8*	236
7. Mrs. Fields	144	154.7*	600
8. Mister Donut of America	146	150.0	504
9. Tastee-Freez	168	130.0	364
10. Haagen-Dazs	191	100.7*	377*
11. Fosters Freeze International	197	95.0	180
12. Orange Julius	208	89.8*	614
13. Winchell's Donut House	217	80.9*	385*
14. I Can't Believe It's Yogurt	250	65.0	430
15. The Original Cookie Company	263	60.0	250
16. Great American Chocolate Chip	264	59.9*	330*
17. Cinnabon Cinnamon Rolls	311	46.0	148
18. Freshens Yogurt	315	45.0	241
19. Bresler's Ice Cream & Yogurt	324	43.0	300
20. Hot Sam/Corn Dog on a Stick	327	43.0*	279
21. David's Cookies	337	41.7*	238
22. Everything Yogurt	347	40.0	315
23. Penguin's Frozen Yogurt	379	35.0	126
24. T.J. Cinnamons Bakeries	380	35.0	150
25. La Petite Boulangerie	387	33.9*	113*
DINNER HOUSES ($4,973.5MM)			
1. T.G.I. Friday's	49	506.7	167
2. Bennigan's Restaurants	53	461.0	223
3. Chili's Grill & Bar	62	387.5**	246*
4. The Ground Round	85	284.0	199
5. Applebee's Neighborhood Grill & Bar	103	233.3¢	160
6. Ruby Tuesday	112	209.0**	131
7. Houlihan's	114	206.1	76
8. Specialty Restaurants	137	167.0	72
9. Brown Derby	148	149.5*	53*
10. Red Robin International	151	146.0	68
11. Chart House Restaurants	155	143.2*	55*
12. Prufrock Restaurants	169	124.4	79
13. JB's Restaurants	177	114.8	133
14. Houston's Restaurants	200	93.0	20
15. Lettuce Entertain You Enterprises	204	91.0*	29
16. Benihana of Tokyo	205	90.0	49
17. Hooters Restaurants	212	85.0	48
18. The Levy Restaurants	229	75.0	36
19. Bill Knapp's Michigan	235	73.8*	61
20. Restaurants Unlimited	245	68.5	21
21. Trans/Pacific Specialty Restaurants	255	64.0	35
22. O'Charley's	261	60.0	31
23. Magic Pan	267	58.0	54
24. Bombay Bicycle Club	269	58.0	34
25. Restaurant Associates	276	55.2	18
26. Hard Rock Cafe America	277	55.0	11
27. Charlie Brown's/The Office	285	52.1	33
28. Trader Vic's	287	52.0*	20
29. Creative Restaurant Management	288	51.5*	22
30. Hamburger Hamlet	302	48.4	23
31. Entertainment One	303	48.0	20
32. Peasant Restaurants	305	47.5*	19
33. Bobby McGee's USA	307	47.0	17
34. Velvet Turtle	319	44.6*	21
35. Columbia Restaurants	334	42.0	10
36. Stouffer Specialty Restaurants	336	42.0*	20*
37. Spectrum Restaurants	350	40.0	15
38. Spire's Restaurants	351	40.0	22
39. Ark Restaurants	357	39.0	15
40. Palm Restaurants	362	38.0	11
41. Shells Restaurants	363	38.0	28
42. The Cheesecake Factory	365	37.5	5
43. Grand American Fare	372	36.0	32
44. T.K. Tripps	373	36.0*	24
45. Hatsuhana Restaurants	381	35.0	3
46. The New York Restaurant Group	384	34.2	6
47. Cooker Restaurants	388	33.7	12
48. Schwartz Bros. Restaurants	399	32.0	15
STEAKHOUSES/BBQ ($4,905.2MM)			
1. Sizzler Restaurants Intl.	29	916.7	662
2. Ponderosa	36	699.0	760
3. Bonanza Restaurants	46	515.0	483
4. Western Sizzlin' Steak House	57	445.0	440
5. Golden Corral	68	353.7*	404
6. Ryan's Family Steak Houses	71	331.0	159

1990 sales and units. *R&I estimate. **company estimate. ¢commercial equivalent

continued on page 30

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The packet people

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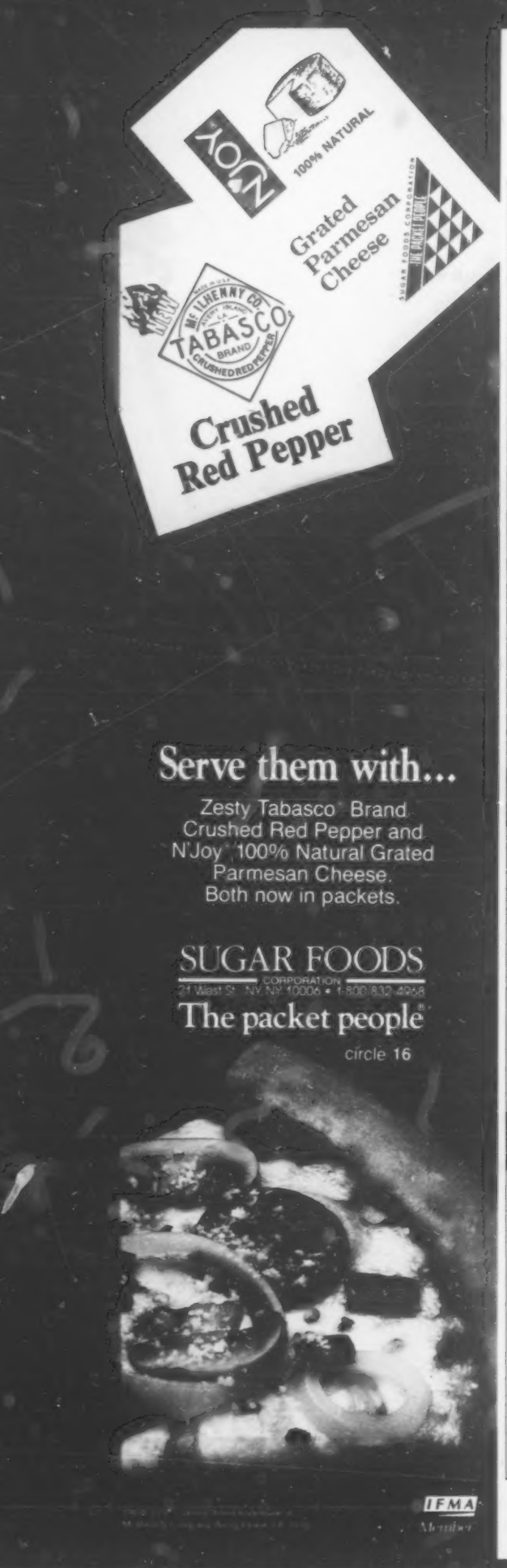
400: RANKING

continued from page 26

Organization	400 Rank	Sales $MM	Units
7. Quincy's Family Steakhouses	87	281.5	212
8. Tony Roma's—A Place for Ribs	102	234.0	141
9. Steak & Ale	109	214.0*	158
10. Stuart Anderson's Restaurants	127	185.3*	86
11. Western Steer Family Steakhouse Restaurants	156	142.4	145
12. Paragon Steakhouse Restaurants	199	93.6*	50
13. Sonny's Real Pit BBQ	220	80.3	70
14. Sirloin Stockade International	254	64.0	74
15. Damon's	256	62.0	40
16. Ruth's Chris Steak House	262	60.0	29
17. Mr. Steak	291	51.0	85
18. Bobby Rubino's Place for Ribs	323	43.4	20
19. The Hilltop Steakhouse	390	33.3*	2
MILITARY ($4,763.2MM)			
1. U.S. Army Center of Excellence, Subsistence	17	1,429.0†*	995*
2. U.S. Navy Food Service Systems	27	954.8†	680
3. Army & Air Force Exchange Service	40	636.7†	2,633
4. U.S. Air Force Engineering and Services Ctr.	59	408.0†	595
5. U.S. Marine Corps	73	322.2†	104
6. Dept. of Veterans Affairs	90	266.0†	172
7. U.S. Air Force Clubs Branch	115	203.1†	277
8. U.S. Army Commun. & Fam. Support	143	157.5†*	575*
9. Navy Resale and Svcs. Support	186	102.7†	642
10. U.S. Navy Officer's and Enlisted Club System	214	84.6†	363
11. Veterans Canteen Service	265	59.9†*	172
12. U.S. Army Medical Dept.	295	50.2†*	50
13. U.S.M.C. Morale, Welfare & Recreation Support	301	48.7†	364
14. U.S. Coast Guard	355	39.8†	398
MEXICAN ($4,322.6MM)			
1. Taco Bell	10	2,400.0	3,273
2. Chi-Chi's	55	458.9	222
3. El Torito Restaurants	61	397.0	180
4. Del Taco	125	191.5*	319
5. Taco John's	166	133.1	445
6. El Chico	184	106.4*	83
7. Taco Time	194	99.0	373
8. Garcia's Mexican Restaurants	211	87.5	53
9. Pancho's Mexican Buffet	232	74.5	67
10. Acapulco Restaurants	234	74.0	41
11. Taco Villa	243	69.4	145
12. Taco Bueno	259	60.6	110
13. Red Onion Restaurants	278	55.0	16

1990 sales and units. *R&I estimate. company estimate. †commercial equivalent



400: RANKING

continued from page 31

Organization	400 Rank	Sales $MM	Units
2. Long John Silver's Seafood Shoppes	33	781.6**	1,446
3. Captain D's Restaurants	58	412.1	629
4. Skipper's	189	101.2	215
5. L&N Seafood Grill	225	78.8	34
6. Rusty Pelican Restaurants	227	76.3	32
7. C.A. Muer	284	53.0	15
8. Legal Sea Foods	286	52.0	8
9. Phillips Seafood Restaurants	371	36.3	6
10. The Original Seafood Shanty	391	33.0	14
11. Arthur Treacher's	395	32.0	97
TRANSPORTATION ($2,502.0MM)			
1. Caterair International	21	1,162.0†	114
2. Dobbs International Services	54	460.0†*	52
3. Sky Chefs	63	385.6†	39
4. United Airlines	70	332.8†	17
5. Trans World Airlines	97	244.0†*	3
6. Northwest Airlines	147	149.5†	60
7. AMTRAK	244	68.9	300
CAFETERIAS ($1,847.9MM)			
1. Morrison Family Dining Div.	60	397.0	172
2. Luby's Cafeterias	76	320.0	141
3. Furr's/Bishop's Cafeterias	86	282.9	157
4. Piccadilly Cafeterias	89	280.0**	143
5. Wyatt Cafeterias	124	194.0	126
6. Old Country Buffets	153	145.2	94
7. King's Table Buffets	213	85.0	79
8. K&W Cafeterias	252	65.0**	24
9. MCL Cafeterias	309	46.8*	27
10. Royal Fork Buffet Restaurants	398	32.0	20
HEALTH CARE ($1,661.3MM)			
1. National Medical Enterprises	88	280.0†	675
2. Beverly Enterprises	98	242.2†	862
3. United Health	100	238.0†	151
4. Hospital Corp. of America	157	138.6†	128
5. Daughters of Charity Health Systems	181	107.5†*	40*
6. Humana	188	101.9†	81
7. Health Trust	223	79.5†	85
8. Adventist Health System	228	75.8†*	138
9. Manor Health Care	238	71.7†	168
10. New York City Health & Hospitals	281	55.0†*	17
11. Evangelical Lutheran Good Samaritan Society	289	51.2†*	209*

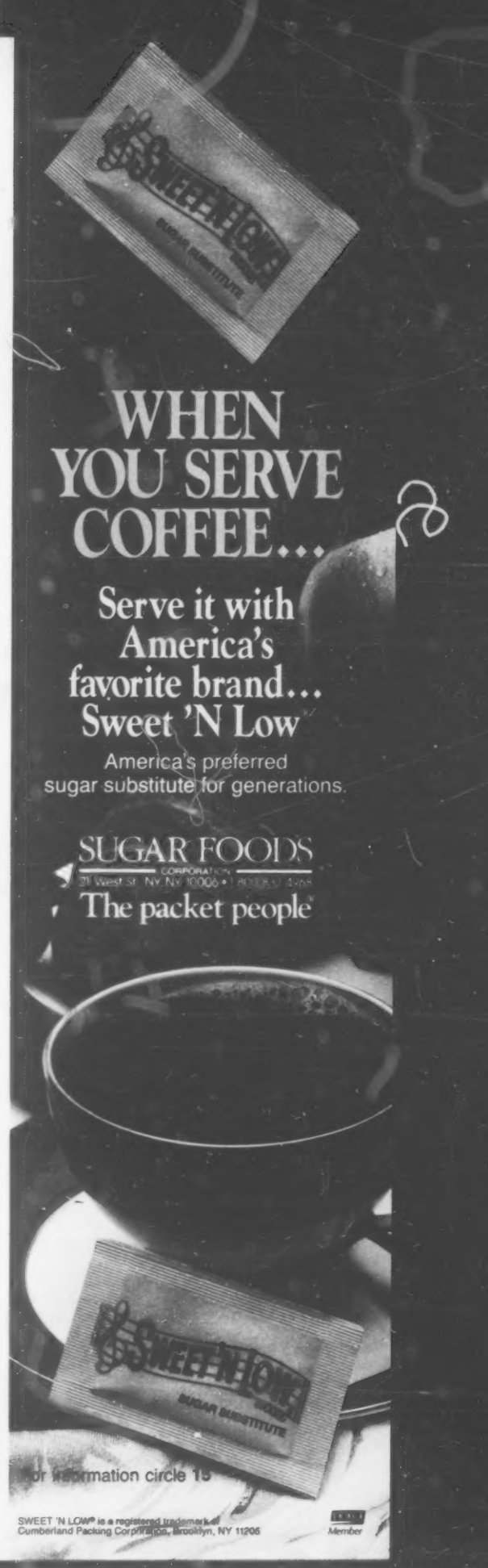
1990 sales and units. *R&I estimate. **company estimate. †commercial equivalent

RESTAURANTS & INSTITUTIONS

Organization	400 Rank	Sales $MM	Units
14. Casa Olé Restaurants & Cantinas	343	40.5	36
15. Two Pesos Mexican Cafes	344	40.2	29
16. Carlos Murphy's Restaurants	376	35.0	17
SANDWICHES ($3,973.7MM)			
1. Arby's	16	1,430.0	2,420
2. Subway	23	1,100.0	5,380
3. Rax Restaurants	77	319.2	454
4. Roy Rogers	94	250.8*	400*
5. A&W Restaurants	108	216.9	751
6. Blimpie	175	117.0	409
7. Wienerschnitzel	176	114.9	288
8. Togo's Eatery	248	66.0	133
9. Schlotzsky's	271	57.0	238
10. Carousel Snack Bars of Minnesota	282	54.5	270
11. Jerry's Subs & Pizza	322	43.5	75
12. Mr. Philly/Mr. Hero	326	43.0	125
13. Maid-Rite Products	331	42.5	170
14. Nathan's Famous	339	41.0	64
15. Miami Subs/Mr. Submarine	353	40.0**	55
16. Sandwich Chef	367	37.4	135
INSTITUTIONS ($3,496.2MM)			
1. USDA Food & Nutrition Svcs.	12	2,115.8†	1,493
2. Calif. Dept. of Corrections	92	263.2†	238
3. U.S. Dept. of Justice, Federal Prisons	162	136.9†	65
4. Fla. Dept. of Corrections	183	106.4†	127
5. Calif. Dept. of Rehabilitation	192	100.0	260
6. N.Y. State Dept. of Correctional Svcs.	203	92.0†	67
7. N.Y. State Office of Mental Health	216	84.0†	32
8. Mich. Dept. of Corrections	226	77.6†	69
9. N.Y. State Office of Mental Retardation	239	70.3†	20
10. N.J. Dept. of Corrections	242	69.7†	68
11. Pa. Dept. of Corrections	249	65.8†	32
12. Pa. Dept. of Public Welfare	274	56.0†**	32
13. Ohio Dept. of Rehabilitation & Correction	283	53.2†**	22
14. Calif. Dept. of Developmental Svcs.	294	50.4†	11
15. N.C. Dept. of Corrections	330	42.6†	91
16. Texas Dept. of Corrections	345	40.1†*	61*
17. N.J. Dept. of Human Svcs.	356	39.2†	14
18. Texas Dept. of Mental Health	392	33.0†	27
SEAFOOD ($3,265.3MM)			
1. Red Lobster	13	1,600.0*	610*

1990 sales and units. *R&I estimate. company estimate †commercial equivalent

continued on page 32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RESTAURANTS & INSTITUTIONS

Organization	400 Rank	Sales $MM	Units
12. American Medical International	304	47.8†*	43
13. Life Care Center	312	46.0*	124*
14. Health Care & Retirement	314	45.6†	135
15. National Healthcorp	335	42.0†	75
16. Texas Health Enterprises	360	38.5†*	110
CONVENIENCE STORES ($1,145.8MM)			
1. 7-Eleven	35	731.7	6,500
2. Circle K Stores	138	166.3*	4,681
3. Wawa	145	150.0	486
4. Emro Marketing	290	51.1	878
5. Casey's General Store	310	46.5**	786
EDUCATION ($1,097.7MM)			
1. New York City Board of Education	74	322.0†**	1,262
2. Los Angeles Unified School District	113	208.6†**	684
3. Chicago Board of Education	160	138.0†**	581
4. Dade County Schools	209	89.6†**	300
5. School District of Philadelphia	293	50.7†**	262
6. Hawaii Statewide School System	313	45.9†**	230
7. Detroit Public Schools	318	44.8†**	246
8. Houston Independent School District	320	44.2†**	229
9. Dallas Independent School District	329	42.8†**	193
10. Michigan State University	358	38.9†**	44
11. Broward County School Board	359	38.6†**	175
12. Hillsborough County School Board	389	33.6†**	149
RETAIL ($1,060.4MM)			
1. K mart	72	326.0	1,800
2. Wal-Mart Stores	83	290.5*	1,229
3. F.W. Woolworth	149	148.4	725*
4. Dayton Hudson Department Stores	206	90.0	108
5. Target Stores	246	67.0	420
6. McCrory Stores	273	56.8	296
7. Nordstrom	298	49.7	69*
8. Flying J Travel Plazas	397	32.0	45
RECREATION ($1,047.9MM)			
1. Walt Disney	50	506.0	209
2. Carnival Cruise Lines	172	120.4*	58*
3. Royal Caribbean Cruise Line	185	103.6†	54
4. Busch Entertainment	193	100.0*	110*
5. Six Flags	219	80.5*	340*
6. Holland America Line	260	60.2†*	52
7. Leiserv	332	42.2	126
8. Universal Studios Florida	382	35.0*	15

1990 sales and units. *R&I estimate. ** company estimate. †commercial equivalent

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400: BURGERS

BURGER GIANTS LURE CUSTOMERS WITH LOW PRICES, BROAD MENUS

Chains' menu changes prove all's fare in the battle for customer dollars.

A soft economy is spurring the nation's biggest burger chains to new heights of value, variety and nutrition.

Faced with declining traffic, value has become the primary destination for all the segment's chains, but in many cases the paths they have taken are different:

□ McDonald's strategy focuses on lowering the price of several menu items and promoting meal combinations. In most markets, its hamburgers are marked down to 59 cents and its cheeseburgers to 69 cents. In its test of the new pricing, McDonald's said it took three to six months to improve its image regarding value.

□ Burger King is pinning its hopes for summer on a national discount tactic that offers customers a Whopper for 59 cents when they buy one at the regular price. To enhance its value image, the chain taps popular name-brand foods and discounts heavily in many areas.

□ Competition forced Hardee's to offer discounts as deep as three burgers for a dollar last year. But this year, the chain has switched to a Family Value Meal in many markets. The value menu offers six to eight discount-priced items, including a 59-cent burger, 25-cent drink refills and a $1.99 kid's meal. Initially, the chain intended the Family Value Meal as a long-term systemwide repositioning, but some markets have backed away from it.

McDONALD'S
$18,758.9MM

The lights of McDonald's test kitchens are burning late into the night. The Oak Brook, Ill.-based chain says it is churning out new and promotional products like never before. "We currently have the broadest range of test products in our history," says James Skinner, McDonald's senior vice president and zone manager.

The chain displayed its newfound aggressiveness in March with its rapid systemwide introduction of McLean Deluxe. The sandwich, which boasts a 91%-fat-free hamburger patty, went from test to U.S. rollout in about four months.

Like McLean Deluxe, many of McDonald's latest menu changes are aimed at the health-conscious customer. The chain is testing a grilled chicken sandwich and packaged carrot and celery sticks. It added apple bran muffins, and it replaced a shredded cheese topping for most salads with grated carrots. It cut the sodium in its hot cakes and sausages by 30% and reformulated many sauces to be lower in fat.

McDonald's is testing submarine sandwiches, including tuna salad and Italian varieties, and the chain says it is responding to demand for more poultry products by developing new turkey items.

In addition, McDonald's is increasing its emphasis on regional and ethnic foods as well as limited-time offerings. The chain has launched a special promotion for summer featuring breakfast burritos and chicken fajitas.

McDonald's regional specials range from bagels in New York City to McLobster sandwiches in Maine. A big hit in the Chicago market this year was the McJordan sandwich, named for Chicago Bulls basketball star Michael Jordan. Other recent limited-time promotional products include the McRib and grilled steak sandwiches and a fried fish platter. In many cases, McDonald's uses the promotions to help gauge the strength of test items and narrow the search for permanent menu additions. "By increasing the number of products we're looking at, we stand a much better chance of hitting home runs,

Carl's Jr., this year celebrating its 50th anniversary, has expanded its sandwich line.

*R&I estimate

Chains lowered prices on traditional burgers and introduced meal combos to enhance their value image.

which will bring more customers into McDonald's more often," Skinner says.

McDonald's still views dinner as an opportunity for new revenue, but a winning formula for increasing evening business remains elusive. "We continue work on a dinner menu to maximize sales and take advantage of existing capacity in our restaurants," says Skinner. "Dinner is a priority for the long term, but it will take time to develop the right mix of products." Both pizza, which is in test in more than 420 restaurants, and pasta entrees, also in test, are likely to figure heavily in McDonald's dinner efforts.

BURGER KING
$6,100.0MM

Burger King's new menu additions for summer —brand-name ice cream candy bars and frozen treats—reflect the chain's commitment to cross-branding. The Miami-based chain's stable of brand-name items includes a salad dressing line and Domino's pizza, which has been in test since fall 1990 in South Carolina.

"Rather than us going out and creating a Burger King pizza product, we went out and did this joint venture with Domino's because everyone knows what Domino's is, what it stands for, what it tastes like," says spokesman Michael Evans.

Burger King hopes that the addition of popular brands to its menu will give it an edge with customers. "Within the minds of the consumers, there's already in place a recognition factor as well as a quality perception," says Evans.

Like most of its competitors, Burger King is increasingly nutrition-conscious. It is reformulating the sauce on its BK Broiler chicken sandwich to get the product below 300 calories. The sandwich currently weighs in at 379 calories.

The chain also has given a wake-up call to its breakfast business with the introduction of several new finger foods. The chain's new morning offerings include Breakfast Buddies sausage, egg and cheese sandwiches, which sell for 59 cents, and lemon poppy-seed mini muffins.

HARDEE'S
$3,158.1MM*

Hardee's most dramatic menu changes stem from its merger with Roy Rogers, the 648-unit fried chicken chain it purchased from Marriott in 1990.

The Rocky Mount, N.C.-based chain has converted about 500 Roy Rogers units to Hardee's. In the process, it has combined elements of both menus: Hardee's has added Roy Rogers' bone-in chicken and side items to about 500 of its stores, while Roy Rogers units are adding Hardee's breakfast and burgers.

In most markets, price sensitivity has hampered Hardee's plans to replace its own roast beef sandwich with Roy Rogers', which costs about a dollar more. "We upgraded our roast beef in Baltimore and Washington to theirs," says spokesman Jerry Singer. "But we haven't done it systemwide because it's hard to convince people to spend a buck more for a roast beef sandwich when they were happy with the product that they had before." Hardee's says it also has seen some trade-down by customers from the higher-priced Roy's chicken to the lower-priced Hardee's fare.

The merger stole much of the thunder from other new menu developments at Hardee's. Last year, for example, the company introduced the Lean 1, an all-beef hamburger with about 18 grams of fat, about 30% lower than the standard Hardee's burger. In response to McDonald's 1991 rollout of the McLean Deluxe, which has only 9 grams of fat, Hardee's has since reformulated the Lean 1. The product, now a leaner, more competitive 13 grams fat, is in test in Minneapolis and Tulsa, Okla.

Hardee's also has launched a line of Deli Supreme sandwiches, ranging in price

continued on page 42

HAMBURGERS
$34.4 billion

31.9% of all
400 commercial sales

TOP TRENDS

▶ Value-building strategies, including permanent loss leaders, offers of buy one get one at a discount and combination meals

▶ Nods toward nutrition; development and reformulation of burgers, sauces, salads and other items that are lower in fat, calories and cholesterol

▶ Expansion of menus and increased reliance on limited-time product promotions to boost variety and lift repeat business

▶ Development of products, notably pizza and pasta, to build dinner business

▶ Greater emphasis on regional and ethnic offerings

COMING UP

▶ McDonald's: Testing sub sandwiches, personal and dinner pizzas, and pasta

▶ Burger King: Reformulating BK Broiler to bring it under 300 calories

▶ Hardee's: Testing a revamped Lean 1 hamburger, which is down to about 13 grams of fat from 18 grams

▶ Carl's Jr.: Testing pizza for dinner

▶ White Castle: Testing clam strips, a grilled chicken sandwich and breaded, deep-fried cheese sticks

A complete ranking of the 400 by segment begins on page 21.

400: BURGERS

continued from page 37

Burger chains are testing pizza and pasta to build dinner business.

CHAINS ADD PIZZA

Following the lead of McDonald's, both Burger King and Carl's Jr. are testing pizza. And Wendy's is trying out stromboli, a downsized calzone.

McDonald's offers pizza in more than 420 units. It is testing a 6-inch personal pizza for lunch and a 12-inch pizza for dinner. Each carries a five-minute service guarantee.

Burger King's test of pizza involves a joint-venture with Domino's.

The one-year experiment with the personal-size pizzas began last September in Columbia, S.C. "We're going to let it run the full year, and then step back and see if it cannibalized sales and if it sold enough to justify the costs," says spokesman Michael Evans. Costs included the purchase of pizza ovens.

Carl's Jr. is testing several varieties of 14-inch pizza, priced from $8 to $11. Its pies are available after 4 p.m. and baked on premises.

Wendy's reportedly is taking a slightly different route than its competitors. It is testing a pepperoni stromboli—a pocket-pizza-type product—priced at $1.99.

from $1.79 to $2.39. Varieties include roast beef, ham and cheese, grilled chicken and turkey club. All come on a whole-grain bun topped with lettuce and tomato.

The chain replaced its soft-serve ice cream with frozen yogurt in May. "We're not marketing it as a health food, because it's not low in fat or cholesterol, but it's lower in fat than our previous product," says Singer.

And in most markets, Hardee's has introduced two new muffins—oat bran and blueberry—to bolster breakfast business. The daypart accounts for 25% to 30% of the chain's sales, says Singer.

CARL'S JR.
$578.4MM

In 1941, Carl Karcher began selling hot dogs on a Los Angeles street corner from a cart he bought for $326. This year, Carl's Jr., now a 578-unit chain based in Anaheim, Calif., kicked off its 50th year with the reintroduction of two hot-dog features. Dubbed the All-Star hot dog, suggested retail $1.89, and All-Star chili dog, $2.29, the items were rolled systemwide in mid-January.

The chain's newest major introduction is its Santa Fe Chicken Sandwich, built around Carl Jr.'s charbroiled breast of chicken. The sandwich, served on a wheat bun, is topped with mild green chilies, American cheese, chopped lettuce and a spicy mayonnaise-based Santa Fe sauce. "It's a new taste," says spokeswoman Patty Parks. "It's basically taking the Santa Fe, Southwest-style cooking that's been popular in other types of restaurants, and putting it into a fast-food product."

Carl's Jr. rolled out the Santa Fe sandwich, priced about $2.69, in March.

In the first quarter of this year, the chain added a new fish sandwich, called Carl's Catch, to its menu. Parks says the sandwich, priced $1.89, is an improved version of a previous fish offering.

Carl's Jr. also rolled out a new seasoned fry product. The french fries have a light red-pepper-type coating. "It's just a little livelier," says Parks. A small order sells for 99 cents; a large order, for $1.49.

The chain's 1990 introductions included Fudge Moussecake and Raspberry Swirl Cheesecake, the Classic Double Cheeseburger and a breakfast burrito. It also reintroduced the country-fried steak sandwich. Carl's Jr. is testing pizza as a vehicle for building its dinner business

WHITE CASTLE
$321.0MM

White Castle's sole systemwide product introduction in 1990 was a 79-cent egg, cheese and sausage breakfast sandwich, says Kim Bartley, assistant director of marketing.

The Columbus, Ohio-based chain's conservative approach to menu additions has served it well for about 70 years. White Castle's unique hamburgers continue to account for more than 50% of its sales.

Nevertheless, the chain has a number of off-beat items in test, including clam strips, priced $1.45 to $1.59; a White Castle-size grilled chicken sandwich, 69 cents; and a five-piece order of breaded and deep-fried mozzarella cheese sticks, $1.49.

"I think White Castle, being a unique product, can offer other unique items that perhaps might not work as well in other hamburger concepts," says Bartley.

ARCTIC CIRCLE
$40.0MM

Midvale, Utah-based Arctic Circle plans to roll out a full light menu this fall. But before then, customers will get a taste of things to come from two new products—a grilled chicken sandwich and a grilled chicken club sandwich.

The grilled chicken sandwich, a 3-ounce patty served on bun with lettuce, tomato and low-fat mayonnaise, is priced at $2.49. Arctic Circle President Gary Roberts says he expects it to account for about 11% of sales.

The chicken club ($2.79) will replace the chain's fried-chicken sandwich, which now accounts for 2.5% of sales. The new light menu will include a taco salad, a chicken salad and a turkey sandwich, with prices ranging from $2.29 to $3.09.

Despite the move toward more healthful items, Arctic Circle's best sellers are ice cream concoctions, which account for about 20% of sales. Tests of frozen yogurt have not done well, Roberts says. "When customers come in for ice cream, they want a shake with all the calories they can get," he says.

Seems they're willing to load up on sandwich calories, too. A quarter-pound burger served with bacon, lettuce and tomato ($2.09) accounts for 6% of sales, and the Ranch Burger, a triple-decker burger served with cheese, lettuce and sauce ($1.79), accounts for 8% of sales, Roberts says.

Arctic Circle now is testing a Philadelphia cheesesteak sandwich as well as submarine sandwiches.

—Lisa Bertagnoli and Rajan Chaudhry